

# IRS News Release

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## Toyota Hybrid Begins Phaseout on October 1

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WASHINGTON — The Internal Revenue Service announced today that Toyota Motor Sales, U.S.A., Inc. has submitted quarterly reports indicating that its cumulative sales of qualified vehicles to retail dealers has reached the 60,000-vehicle limit during the calendar quarter ending June 30, 2006. Under the current tax law, the credit for buying a hybrid vehicle begins to phase out during the second calendar quarter after the quarter in which the company sells its 60,000th hybrid or lean burn technology vehicle.

The credit for all new advanced lean burn technology motor vehicles or new qualified hybrid passenger automobiles or light trucks manufactured by Toyota Motor Corporation will begin to phase out on Oct. 1, 2006.

Vehicles purchased before Oct. 1, 2006 qualify for the full credit. For Toyota hybrid vehicles bought on or after October 1, 2006, and on or before March 31, 2007, the credit is 50 percent of the otherwise allowable credit amount. Taxpayers buying vehicles on or after April 1, 2007, and on or before September 30, 2007, can only get 25 percent of the credit.

Here are the credit amounts for Oct. 1, 2006 – March 31, 2007:

2005	Prius	\$1,575
2006	Prius	\$1,575
2006	Highlander 4WD Hybrid	\$1,300
2006	Highlander 2WD Hybrid	\$1,300
2006	Lexus RX400h 2WD	\$1,100
2006	Lexus RX400h 4WD	\$1,100
2007	Camry Hybrid	\$1,300
2007	Lexus GS 450h	\$775

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Here are the credit amounts for April 1, 2007 – September 30, 2007:

2005	Prius	\$787.50
2006	Prius	\$787.50
2006	Highlander 4WD Hybrid	\$650
2006	Highlander 2WD Hybrid	\$650
2006	Lexus RX400h 2WD	\$550
2006	Lexus RX400h 4WD	\$550
2007	Camry Hybrid	\$650
2007	Lexus GS 450h	\$387.50

After October 1, 2007, taxpayers who buy a Toyota hybrid cannot claim the related tax credit.